

Corp report



## **THE CRAIG BIT COMPANY LIMITED**

### **DIRECTORS**

J. C. ALEXANDER	Galt, Ontario
G. P. WEST	Galt, Ontario
E. L. HEALY	Toronto, Ontario
J. KOSTUIK	Don Mills, Ontario
E. O'NEIL	Pittsburgh, Pennsylvania
J. W. WILCOCK	Pittsburgh, Pennsylvania

### **OFFICERS**

J. C. ALEXANDER	President
J. A. READ	Vice-President and General Manager
T. E. RHENIUS	Secretary-Treasurer

### **HEAD OFFICE**

180 Ninth Street	North Bay, Ontario
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### **AUDITORS**

PRICE WATERHOUSE & CO.	Hamilton, Ontario
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### **TRANSFER AGENT AND REGISTRAR**

MONTREAL TRUST CO.	Toronto, Ontario
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**ANNUAL REPORT OF THE DIRECTORS  
TO THE SHAREHOLDERS OF  
THE CRAIG BIT COMPANY LIMITED**

Your Board of Directors is pleased to submit herewith its Annual Report. Also, the Auditors' Report for the year ending September 24, 1971.

These reports will be presented for the approval of the Shareholders at the Annual Meeting of the Company to be held in the Nova Scotia Room, at the Royal York Hotel, Toronto, Ontario, on Tuesday, February 8, 1972, at 11:00 o'clock a.m.

Total sales for the year were up over 20% from the previous year. Net Earnings were up by over 4% but would have been higher, had it not been for the unusual expenses of relocation of equipment within the plant, with the installation of major new equipment. There was also a substantial increase in depreciation as a result of the new equipment installed, and the change in our method of recording depreciation, as indicated in the notes to the financial statements. The streamlining of our production flow and the installation of additional equipment, has put us in an excellent position to give us the lowest cost production, to meet the market requirements we see in the immediate future.

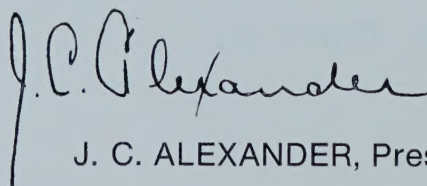
Inventories during the year were increased by close to \$200,000 to service the increased demand from our customers.

The recent cutbacks in production put into effect by a number of the major mining companies, will affect our sales and profits for fiscal 1972. Just how serious this effect will be, depends upon a number of factors such as the length of time involved in these production cutbacks and our success in securing additional new business. Our ability to produce at the lowest possible cost, coupled with the aggressiveness of our sales force, should result in our profit picture being affected to a minimum.

We are continuing our program of new product, and improved product development, which will make a valuable contribution to our position in the industry.

The Board wishes to express its appreciation to the Officers and Employees of the Company for their continued loyal support and co-operation throughout this past year.

On behalf of the Board,

A handwritten signature in dark ink, appearing to read "J. C. Alexander". The signature is fluid and cursive, with a long vertical line extending downwards from the end of the name.

J. C. ALEXANDER, President.

# Price Waterhouse & Co.

chartered accountants

P.O. Box 128 20 Hughson Street South Hamilton 20 Ont. (416) 528-8718

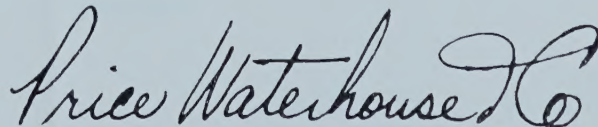
October 19, 1971

## AUDITORS' REPORT

To the Shareholders of  
The Craig Bit Company Limited:

We have examined the balance sheet of The Craig Bit Company Limited as at September 24, 1971 and the statements of operations and retained earnings and source and use of funds for the fiscal year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion these financial statements present fairly the financial position of the company as at September 24, 1971 and the results of its operations and the source and use of its funds for the fiscal year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

A stylized, handwritten signature of "Price Waterhouse & Co." in dark ink, featuring a large, flowing 'P' and 'W'.

Chartered Accountants.



## THE CRAIG BIT O

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## BALANCE

## ASSETS

	Sept. 24 1971	Sept. 25 1970
<b>CURRENT ASSETS:</b>		
Cash	\$ 92,909	\$ 84,660
Marketable securities at cost, which approximates market	—	3,427
Accounts receivable	367,765	490,918
Due from Joy Manufacturing Company (Canada) Limited	9,916	—
Income taxes recoverable	115,822	—
Inventories, valued at the lower of cost and net realizable value	1,262,635	1,069,873
Prepaid expenses	21,364	30,617
	<u>1,870,411</u>	<u>1,679,495</u>
<b>FIXED ASSETS, at cost (Notes 1 and 2):</b>		
Buildings	388,450	396,189
Machinery and equipment	1,303,792	1,163,658
	<u>1,692,242</u>	<u>1,559,847</u>
Less: Accumulated depreciation	1,166,080	1,061,799
	<u>526,162</u>	<u>498,048</u>
	<u><u>\$2,396,573</u></u>	<u><u>\$2,177,543</u></u>

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LIABILITIES AND SHAREHOLDERS' EQUITY

	Sept. 24 1971	Sept. 25 1970
CURRENT LIABILITIES:		
Bank loan	\$ 365,000	\$ —
Accounts payable and accrued liabilities	278,530	270,906
Due to Joy Manufacturing Company (Canada) Limited	6,844	316,903
Income taxes payable	—	81,122
Dividend payable	—	4,640
	<hr/> 650,374	<hr/> 673,571
DEFERRED INCOME TAXES	134,800	64,800
SHAREHOLDERS' EQUITY:		
Capital stock—		
Authorized—500,000 common shares of no par value		
Issued and fully paid—232,000 common shares	180,214	180,214
Retained earnings, per statement attached	1,431,185	1,258,958
	<hr/> 1,611,399	<hr/> 1,439,172

APPROVED ON BEHALF OF THE BOARD:

*J. C. Alexander*

Director

*Edward Thiel*

Director

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\$2,396,573

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\$2,177,543



# THE CRAIG BIT COMPANY LIMITED

*(incorporated under the laws of Ontario)*

## NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 24, 1971

1. The cost of the fixed assets has been reduced by \$128,187 to reflect a federal Area Development Incentives grant of which \$76,912 was received during the year. The balance of \$51,275 is included in accounts receivable and will be received within the following two fiscal years provided the company complies with the terms of the grant.
2. The company changed its method of recording depreciation on buildings for the year ended September 24, 1971 from a diminishing balance basis to a straight-line basis, in order to fully depreciate by 1980 all buildings located on leased land the lease for which is due to expire by that date. As a result, depreciation for the year is approximately \$10,400 greater than it would otherwise have been.
3. Total remuneration of directors and senior officers for the fiscal year ended September 24, 1971 amounted to \$72,500.
4. The annual rental on leased land at North Bay is \$6,700.



# THE CRAIG BIT COMPANY LIMITED

(incorporated under the laws of Ontario)

## STATEMENT OF OPERATIONS AND RETAINED EARNINGS

	For the fiscal year ended	
	Sept. 24 1971	Sept. 25 1970
Net sales	\$3,470,664	\$2,857,391
Costs and expenses exclusive of items noted below	3,033,474	2,392,251
Depreciation (Note 2)	110,681	76,617
Income taxes	135,722	206,000
	<u>3,279,877</u>	<u>2,674,868</u>
Net income for the year	190,787	182,523
Retained earnings at beginning of year	1,258,958	1,094,995
	<u>1,449,745</u>	<u>1,277,518</u>
Dividends declared	18,560	18,560
Retained earnings at end of year	<u>\$1,431,185</u>	<u>\$1,258,958</u>
Earnings per share	<u>\$0.82</u>	<u>\$0.79</u>

# THE CRAIG BIT COMPANY LIMITED

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## STATEMENT OF SOURCE AND USE OF FUNDS

	For the fiscal year ended	
	Sept. 24 1971	Sept. 25 1970
SOURCE OF FUNDS:		
Net profit for the year	\$ 190,787	\$ 182,523
Depreciation	110,681	76,617
Deferred income taxes	70,000	6,000
	<hr/>	<hr/>
Funds from operations	371,468	265,140
	<hr/>	<hr/>
USE OF FUNDS:		
Increase in fixed assets (net)	138,795	168,380
Dividends declared	18,560	18,560
	<hr/>	<hr/>
	157,355	186,940
	<hr/>	<hr/>
Increase in working capital	214,113	78,200
Working capital at beginning of year	1,005,924	927,724
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Working capital at end of year	\$1,220,037	\$1,005,924
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